CALIFORNIA ENERGY COMMISSION

PROGRAM OPPORTUNITY NOTICE

Alternative and Renewable Fuel and Vehicle Technology Program

Solicitation Number
PON-09-607

Subject Area: California Ethanol Producer Incentive Program

APPLICATION PACKAGE

June 7, 2010

Arnold Schwarzenegger, *Governor*

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PROGRAM OPPORTUNITY NOTICE AND APPLICATION PACKAGE

Alternative and Renewable Fuel and Vehicle Technology Program

Subject Area: California Ethanol Producer Incentive Program

1. **Release Date:** June 7, 2010

2. **Application Due Date:** Continuous

3. **Purpose:**
This Program Opportunity Notice is to announce that applications are now being accepted on a non-competitive basis. The Energy Commission is announcing the availability of the California Ethanol Producers Incentive Program (CEPIP). This program will provide operators of existing corn ethanol production plants in California with temporary financial assistance, as funding is available, during periods of difficult economic operating conditions that would be repayable under specifically identified favorable market conditions. This program also will stimulate operational improvements at existing ethanol facilities and the use of advanced process technology to convert cellulose and other low carbon feedstocks.

   The objectives of the CEPIP are to increase statewide biofuel production; retain and create California jobs; and reduce greenhouse gas emissions.

4. **Availability of Program Opportunity Notice Documents and Information:**

   This Program Opportunity Notice, all supporting documents and forms can be found at [http://www.energy.ca.gov/contracts/index.html] under "Current Solicitations." Interested parties may also sign on to the electronic mailing list on this webpage to be notified of any changes to this Program Opportunity Notice.

   For those parties without Internet access, copies of this Program Opportunity Notice can be obtained by contacting:

   California Energy Commission
   Grants and Loans Office
   1516 Ninth Street, MS-1
   Sacramento, CA 95814
   Telephone: (916) 654-4584

   Interested parties may also request to be added to the mailing notification list to receive changes made to this Program Opportunity Notice.

5. Background:

Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007), created the Alternative and Renewable Fuel and Vehicle Technology Program. The statute, subsequently amended by AB 109 (Núñez, Chapter 313, Statutes of 2008), authorizes the Energy Commission to develop and deploy alternative and renewable fuels and advanced transportation technologies to help attain the state's climate change policies. The Energy Commission has an annual program budget of approximately $100 million and provides financial support for projects that:

- Develop and improve alternative and renewable low-carbon fuels;
- Optimize alternative and renewable fuels for existing and developing engine technologies;
- Produce alternative and renewable low-carbon fuels in California;
- Decrease, on a full fuel cycle basis, the overall impact and carbon footprint of alternative and renewable fuels and increase sustainability;
- Expand fuel infrastructure, fueling stations, and equipment;
- Improve light-, medium-, and heavy-duty vehicle technologies;
- Retrofit medium- and heavy-duty on-road and non-road vehicle fleets;
- Expand infrastructure connected with existing fleets, public transit, and transportation corridors; and
- Establish workforce training programs, conduct public education and promotion, and create technology centers.

The statute requires the Energy Commission to adopt and update annually an investment plan to determine funding priorities and opportunities and describe how program funding will be used to complement other public and private investments. The Energy Commission adopted its first investment plan, covering fiscal years 2008-2009 and 2009-2010, at the April 22, 2009, Business Meeting. A link to the first *Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program* (CEC-600-2009-008-CTF) can be found at http://www.energy.ca.gov/2009-ALT-1/index.html. The Energy Commission has drafted the FY 2010-2011 Investment Plan which can be viewed at http://www.energy.ca.gov/2010publications/CEC-600-2010-001/CEC-600-2010-001-SD-REV2.PDF.

6. Eligible Applicants:

This CEPIP is available only to owners and/or operators of existing corn ethanol production facilities in California that have a fuel ethanol production capacity of at least 10 million gallons per calendar year.

7. Funding Information:

The maximum funding available for the CEPIP is $6 million. However, the Energy Commission reserves the right to increase this amount by up to an additional $9 million. The Energy Commission also reserves the right to decrease this amount. The funding for FY 2010-2011 will be determined through the second investment plan to be adopted mid-year 2010.

The CEPIP is designed to provide payments to operating California ethanol producers under specific unfavorable economic conditions and requires reimbursement by participants to the state of any outstanding CEPIP payment balances under specifically identified favorable economic conditions.

The CEPIP incentive is based on calculation of the “ethanol crush spread” (ECS) average for each month. Eligible applicants are paid an incentive compared to the ECS floor established by the Energy Commission. The “floor“ value and ECS formula will be reviewed and may be updated annually by the Energy Commission staff to account for unforeseen market conditions and/or new variables not included in the current formula.

If the monthly average ECS value is less than 55 cents per gallon~~,~~ each California ethanol producer enrolled in the CEPIP will be eligible to receive up to 25 cents per gallon for all ethanol (fuel ethanol less denaturant) produced during that month by their facilities operating in California. The exact amount of the payment will be the differential below 55 cents per gallon multiplied by the volume of ethanol (fuel ethanol less denaturant) produced for a given month. The amount of funding dispersed to a single facility per calendar year will not exceed a cumulative total of $3 million for any calendar year. The amount of funds distributed to any single applicant is contingent on the:

- Availability of funds
- Number of CEPIP participants
- Monthly ethanol production volumes
- Number of months and magnitude of the ECS differential *below* 55 cents per gallon
- Continued compliance with all milestones

CEPIP participants will also be required to repay these funds at the rate of up to 20 cents per gallon when the ECS value is greater than $1.00 per gallon.

The amount of reimbursement owed will equal the differential above $1.00 per gallon (up to but not exceeding 20 cents per gallon) multiplied by the volume of ethanol (fuel ethanol less denaturant) produced during a given month.

The beginning of CEPIP has not yet been determined. The Energy Commission is accepting applications from eligible entities concurrently with program development. Applicants will receive further notice when they execute a participant agreement as to when the program will officially commence and potential payments may be released.

8. California Environmental Quality Act (CEQA):

Because this program provides financial assistance for existing facilities in poor market conditions, the approval by the Energy Commission of each CEPIP Participant Agreement may be subject to the categorical exemption for existing facilities under the California Code of Regulations, Title 14, Section 15301. The Energy Commission will make necessary findings to comply with CEQA at the time it approves individual applications.

9. Selection of Applicants:

Participation in the CEPIP is initiated by:

- Submitting the CEPIP Applicant Contact and Facility Information form (Attachment A) that contains sufficient information to demonstrate that the company owns or leases an ethanol plant in California and has an annual design production capacity of at least 10 million gallons of fuel ethanol per year.

- Receiving written notice of approval from the Energy Commission after a review of the submitted application and a positive determination by Energy Commission staff that the company operates an ethanol facility in California with an annual design production capacity of at least 10 million gallons of fuel ethanol per year.

- Signing the CEPIP Participant Agreement that sets forth the terms and conditions of the Program; and approval of the agreement at the Energy Commission Business Meeting.

10. Program Requirements

California ethanol producers enrolled in the CEPIP will be required to submit confidential plant operation business information forms (see copy of CEC Form M29 in **Attachment B** and copy of CEC Form Q29 in **Attachment C**) to the Energy Commission after the close of each month. The CEC Form M29 is due within 21 calendar days following the close of the previous month. The CEC Form Q29 is due within 45 calendar days following the close of the previous month. This information will be held in confidence under the Petroleum Industry Information Reporting Act (PIIRA) regulations. This information will be used by the Energy Commission to determine production volumes of ethanol (fuel ethanol less denaturant), as well as to monitor and assess the operational financial conditions of each facility. These confidential assessments will be used to determine revisions that may be necessary to CEPIP funding levels, crush spread floor or operational aspects of the Payment and Reimbursement Mechanism.

California ethanol producers enrolled in the CEPIP also must comply with the Biorefinery Operational Enhancement Goal (BOEG) requirements and milestones as detailed in **Attachment E**. Failure to maintain compliance with any of the milestones will result in suspension of payment eligibility in the CEPIP effective 30 days following receipt of documentation of the failure to achieve continued compliance. Suspension of payment eligibility from the CEPIP does not negate the obligation to repay any outstanding balance in the CEPIP account. These reimbursement obligations will last up to 60 months from the receipt date of each CEPIP payment. Reimbursements are used to preferentially retire the oldest payments.

CEPIP participants who have been suspended may be reinstated once the participant returns to compliance with the milestones as approved by the Energy Commission staff.

Change of plant ownership does not affect eligibility for the incentive except in the case of a change in controlling interest to any entity subject to California's Low Carbon Fuel Standard (LCFS). Notice shall be provided to the Energy Commission by separate letter within 15 days of change of ownership.

11. Payment and Reimbursement Process

Payment
Payments to participants in the CEPIP will be made in the following manner:

- The state date for potential payments is yet to be determined, and will be established in individual agreements with eligible participants.

- Energy Commission staff will calculate ECS and notify the CEPIP participant via electronic mail within 5 days following the close of the previous month.

- When the ECS value is less than 55 cents per gallon, the Energy Commission staff calculates the amount of payment due each active CEPIP participant within 30 days following the close of the previous month. This timeline is conditional upon receiving the completed CEC M29 form from each CEPIP participant within 21 days following the close of the previous month.

- The Energy Commission staff notifies the CEPIP participant via electronic mail (email) and Action Memorandum as to the calculated payment amount due to the CEPIP participant for each month when the ECS falls below the 55 cent per gallon payment trigger point.

- The Energy Commission staff will notify the CEPIP Trustee, and the Grants & Loans Office via an Action Memorandum as to the exact payment due each CEPIP participant.

- Payment to the CEPIP participant will occur within 30 calendar days of the release of the Action Memorandum.

- Monies received by each CEPIP participant are tracked in a running balance for each facility by the Energy Commission.

Reimbursement
Reimbursement from participants in the CEPIP will be required in the following manner:

- When the monthly average ECS exceeds $1.00 per gallon, the Energy Commission staff will calculate the reimbursement amount due from PIP participants and issue an Action Memorandum within 30 calendar days. Reimbursements are due to the CEPIP Trustee within 30 calendar days as long as each CEPIP participant's account balance (sum of monthly incentives paid minus sum monthly reimbursements received) is greater than zero.

- If the outstanding balance in the CEPIP participant's account is zero, no reimbursement will be required.

12. Program Opportunity Notice Schedule:

Event	Date
Release of Program Opportunity Notice	June 7,2010
Deadline to Submit Questions	June 21, 2010 no later than 3 pm
Posting of Questions & Answers	July 6, 2010
Submittal of Applications	Continuous beginning release date
Notification to Proposed Participants	Continuous beginning release date
Approval of Applications	Proposed July and August 2010

13. Application Requirements:

All applicants must provide hard copies of one (1) original and one (1) copy of the proposal and a CD containing all of the documents related to the application in an Excel file. The original must be signed by an authorized representative of the Applicant's organization.

All applications must contain the following information:

A. Contact and Facility Information Form:

Applicants must include a complete and signed Contact and Facility Information Form shown in Attachment A. The applicant must include an original Contact and Facility Information Form signed by an authorized representative of the Applicant's organization.

14. Proposal Submission Requirements:

One (1) original and one (1) copy of the proposal and a CD containing all of the documents related to the proposal are now being accepted on a first come first serve basis. Applications may be mailed or hand delivered to:

California Energy Commission
Fuels and Transportation Division
Michael Rutledge
Attn: California Ethanol Producer Incentive Program PON-09-607
1516 Ninth Street, MS-44
Sacramento, CA 95814

Postmark dates of mailing, electronic mail (E-mail), and facsimile (Fax) transmissions are not acceptable in whole or in part under any circumstances.

15. Cancellation or Amendment of the Program:

The Energy Commission reserves the right to do any of the following:

- Cancel this program;
- Amend or revise this program as needed; or
- Reject any or all applications received in response to this program.

16. Questions:

Questions about this program may be submitted in writing or via e-mail to:

Sarah Williams
California Energy Commission
Grants and Loans Office
Attn: California Ethanol Producer Incentive Program PON-09-607
1516 Ninth Street, MS-1
Sacramento, CA 95814
or
Email: skawilli@energy.state.ca.us
(916) 654-4584

Questions received prior to the deadline to submit questions will be posted on the Energy Commission's website at [http://www.energy.ca.gov/contracts] as part of this Program package. The person and organization submitting a question will not be identified.

17. Attachments:

Attachment A - CEPIP Applicant Contact & Facility Information Form
Attachment B - CEPIP Participant CEC Form M29
Attachment C - CEPIP Participant CEC Form Q29
Attachment D - Ethanol Crush Spread (ECS) Calculation Methodology
Attachment E - Biorefinery Operational Enhancement Goals (BOEG)
Attachment F - CEPIP Participant Payment/Repayment Examples
Attachment G - Energy Commission Program Contacts
Attachment H - Reserved

Attachment A – CEPIP Applicant Contact & Facility Information Form

The CEPIP Applicant Contact & Facility Information Form is posted as a separate Excel Form. Please follow the format provided. The template can be accessed at www.energy.ca.gov/contracts as part of this Program Opportunity Notice package.

Attachment B - CEPIP Participant CEC Form M29

California Producer Incentive Program - Participant Monthly Operational Results

California Energy Commission
1516 9th Street, MS 41
Sacramento, CA 95814
Ph. 916-654-4868 Fax 916-654-4753
E-mail: piira@energy.state.ca.us

CEC Form M29
(rev. 4-29-10)

	Year
	Month

Inputs	Quantity	Units	Total Cost for Month (Dollars)
Corn		Bushels	$0.00
Denaturants		Gallons	$0.00
Wet Ethanol		Gallons	$0.00
Other (please specify):			$0.00

Outputs[1]	Quantity	Units	Total Revenue for Month (Dollars)
Fuel Ethanol from Processed Feedstocks		Gallons	$0.00
Fuel Ethanol from Processed Wet Ethanol		Gallons	$0.00

Notes:
1. Only list those outputs applicable to your facility.

Print Name *Contact Email*

Signature *Date Filed* *Contact Phone Number*

This report contains proprietary and trade secret information and is customarily treated as confidential by this company. The disclosure of this information would result in competitive hardship. Therefore, pursuant to Public Resources Code § 25213, 25218(e), 25364 and Title 20, California Code of Regulations, section 1370 our company is requesting that all information submitted on this form be kept confidential. I certify under penalty of perjury that the information contained in this report is true, correct, and complete to the best of my knowledge. I am authorized to make this report on behalf of my company.

Attachment C - CEPIP Participant CEC Form Q29

California Producer Incentive Program - Participant Quarterly Operational Results

California Energy Commission
1516 9th Street, MS 41
Sacramento, CA 95814
Ph. 916-654-4868 Fax 916-654-4753
E-mail: piira@energy.state.ca.us

CEC Form Q29
(rev. 4-29-10)

	Year
	Month 1
	Month 2
	Month 3

Inputs	Quantity	Units	Total Cost for Quarter (Dollars)
Corn		Bushels	$0.00
Denaturants		Gallons	$0.00
Chemical; boil & cook		Gallons	$0.00
Chemical; process and antibiotics		Gallons	$0.00
Enzymes		Lbs	$0.00
Yeast		Lbs	$0.00
Wet Ethanol		Gallons	$0.00
Other (please specify):			$0.00

Operating Costs	Quantity	Units	Total Cost for Quarter (Dollars)
Electricity		KwH	$0.00
Natural Gas		1000 ft^3	$0.00
Water		Gallons	$0.00
Depreciation[1]			$0.00
Depreciation Type (please specify)[2]			
Interest Payments[3]			$0.00
Labor & Management[4]		Employees	$0.00
Property Taxes (averaged for month)[5]			$0.00
Other Taxes & Fees (averaged for month)[6]			$0.00
Repairs & Maintenance[7]			$0.00
Transportation[8]			$0.00
Other (please specify):			$0.00

Outputs[9]	Quantity	Units	Total Revenue for Quarter (Dollars)
Fuel Ethanol from Processed Feedstocks		Gallons	$0.00
Fuel Ethanol from Processed Wet Ethanol		Gallons	$0.00
Condensed Corn Fermented Extractives		Gallons	$0.00
Corn Condensed Distillers Solubles		Lbs	$0.00
Corn Germ Meal		Lbs	$0.00
Corn Gluten Meal		Lbs	$0.00
Corn Oil		Gallons	$0.00
High Fructose Corn Syrup		Gallons	$0.00
Distillers Dried Grains With Solubles		Lbs	$0.00
Dried Corn Gluten Meal		Lbs	$0.00
Dried Distillers Grains		Lbs	$0.00
Wet Corn Gluten Meal		Lbs	$0.00
Wet Distillers Grains		Lbs	$0.00
Carbon Dioxide (for beverage industry)		Lbs	$0.00
Other (please specify):			$0.00

Notes:
1. Depreciation should be the average amount for the quarter from the annual figure.
2. Depreciation "type" should specify schedule being used for the facility (e.g. 10 year straight line).
3. "Interest" should include the aggregated costs of all outstanding debt service for that quarter.
4. "Labor & management" costs should include all wages, benefits, and expenses associated with employees.
   For companies that operate multiple facilities, please prorate outside employee costs based on plant capacity.
5. "Property taxes" should include all state and local charges associated with the facility.
6. "Other Taxes & Fees" should include all state, federal, and local taxes & fees other than property taxes.
   All fees associated with environmental and ministerial permits should be included in this category.
7. "Repairs & Maintenance" should include all costs associated for materials and subcontracted work for that quarter.
8. "Transportation" costs include all charges incurred by the company for distribution of plant outputs to recipient.
9. Only list those outputs applicable to your facility.

Print Name *Contact Email*

Signature *Date Filed* *Contact Phone Number*

This report contains proprietary and trade secret information and is customarily treated as confidential by this company. The disclosure of this information would result in competitive hardship. Therefore, pursuant to Public Resources Code § 25213, 25218(e), 25364 and Title 20, California Code of Regulations, section 1370 our company is requesting that all information submitted on this form be kept confidential. I certify under penalty of perjury that the information contained in this report is true, correct, and complete to the best of my knowledge. I am authorized to make this report on behalf of my company.

Attachment D – Ethanol Crush Spread (ECS) Calculation Methodology

The ECS formula is as follows: (OPIS Ethanol Price) – [(CBOT Corn Price)/2.74]

<u>OPIS Ethanol Price (cents per gallon)</u>

The monthly ethanol price will be an arithmetic average of the daily "spot ethanol assessment" prices in Los Angeles as published by the Oil Price Information Service (OPIS). The daily price used will be an average of the low and high prices described as "L.A. (1 to 5 days)". The monthly ethanol price will be calculated to three significant figures.

<u>CBOT Corn Price (cents per bushel)</u>

The monthly corn price will be an arithmetic average of the daily settlement price on the Chicago Board of Trade (CBOT) for corn futures contract of the next period ahead. The "next period ahead" could be later in the month or even two months hence any closing date. Source of daily settlement prices will be the CME group.[1] The monthly corn price will be calculated to three significant figures.

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[1] Link to the daily corn settlement futures contract price is as follows: http://www.cmegroup.com/trading/commodities/grain-and-oilseed/corn_quotes_settlements_futures.html

Calculation Example

The following is an example of recent prices and how the averages, crush spread, and per-gallon payment calculations would appear if the CEPIP were operational.

Date	OPIS L.A. Spot Ethanol Assessment (1-5 days) Low	OPIS L.A. Spot Ethanol Assessment (1-5 days) High	OPIS L.A. Spot Ethanol Assessment (1-5 days) Average	Corn Price CBOT Next Closest Month Ahead	Ethanol Crush Spread Cents per Gallon
2/1/10	$1.910	$1.925	$1.918	$3.590	60.728
2/2/10	$1.910	$1.950	$1.930	$3.650	59.788
2/3/10	$1.920	$1.940	$1.930	$3.530	64.168
2/4/10	$1.870	$1.890	$1.880	$3.540	58.803
2/5/10	$1.865	$1.875	$1.870	$3.515	58.715
2/8/10	$1.850	$1.870	$1.860	$3.560	56.073
2/9/10	$1.850	$1.860	$1.855	$3.585	54.661
2/10/10	$1.830	$1.850	$1.840	$3.618	51.974
2/11/10	$1.810	$1.835	$1.823	$3.633	49.677
2/12/10	$1.790	$1.820	$1.805	$3.615	48.566
2/16/10	$1.790	$1.820	$1.805	$3.673	46.467
2/17/10	$1.800	$1.810	$1.805	$3.600	49.113
2/18/10	$1.790	$1.810	$1.800	$3.573	49.617
2/19/10	$1.800	$1.830	$1.815	$3.600	50.113
2/22/10	$1.800	$1.820	$1.810	$3.715	45.416
2/23/10	$1.800	$1.825	$1.813	$3.678	47.035
2/24/10	$1.800	$1.810	$1.805	$3.753	43.547
2/25/10	$1.780	$1.800	$1.790	$3.723	43.142
2/26/10	$1.790	$1.800	$1.795	$3.780	41.544
Monthly Averages			$1.839	$3.628	
Ethanol Crush Spread for Month					51.534
Differential below the 55 cents per gallon payment trigger price					3.466

Ethanol Crush Spread (cents per gallon) = ((1.839) – [(3.628)/2.74])*100 = 51.534

Attachment E – Biorefinery Operational Enhancement Goals (BOEG) and Compliance Timeframe

BOEG Pathway Option One – Reduced Carbon Intensity

The purpose of this goal is for the biorefiner to reduce the carbon intensity CO_2 equiv. (CI) value of the fuel they produce by at least 10 percent relative to the default value adopted under the Low Carbon Fuel Standard by the California Air Resources Board (ARB) for their particular process application and type of feedstock as of March 1, 2010. Energy Commission staff assumes a default CI for California ethanol facilities of 80.70 gCO2e/MJ.[2] The new carbon intensity target for this pathway would be 72.63 gCO2e/MJ. A plant specific CI may be substituted for the default CI subject to ARB and/or Energy Commission review as follows:

Full compliance with this BOEG pathway option would be achieved after the biorefiner has submitted all pertinent information to ARB, the information is verified by ARB, the new CI pathway is posted by the ARB, and a copy of the final information package associated with the new CI designation is provided to the Energy Commission. This option may entail modifications to be completed and new processes to be operational prior to submittal of information to ARB.

BOEG Pathway Option Two – Use of Alternative Feedstocks

The purpose of this goal is for the biorefiner to displace at least 20 percent of the existing feedstock used during the first three months of 2010 (or the most recent three months of operation for any biorefiner who owns a facility that is currently idle) with a waste-based and/or other alternative feedstock.[3] Full compliance with this BOEG pathway option would be achieved after the biorefiner has completed all of the necessary modifications and the new processes are operational.

Participants in the CEPIP must achieve either of these goals according to the timeframe described below:[4]

[2] California Air Resources Board, Table 6. Carbon Intensity Lookup Table for Gasoline and Fuels that Substitute for Gasoline, California Dry Mill; Wet DGS; NG. A link to this table is as follows: http://www.arb.ca.gov/fuels/lcfs/121409lcfs_lutables.pdf

[3] Waste-based or other alternative feedstock is intended to include any material derived in California wastes from agriculture, forest, post recycled municipal wastes and energy crops.

[4] Applicants who have already met more than one of these milestones may submit a combined report documenting early compliance with this program requirement at any of the milestone junctures.

- Milestone One – Due 12 Months Following Acceptance to the Energy Commission CEPIP

  Biorefiners must submit a draft plan that details one or more projects that can be undertaken at the biorefinery that are designed to achieve compliance with either of the Biorefinery Operational Enhancement Goals. Applicant should specify which BOEG pathway is being pursued. Each project identified in the Draft BOEG Plan should include, at a minimum, the following:

  - Project description
  - Proposed change and potential sources of feedstock(s)
  - Impact on biorefinery production , and anticipated change in energy use and GHG emissions

- Milestone Two – Due 24 Months Following Acceptance to the Energy Commission CEPIP

  Biorefiners must submit a detailed cost estimate for their target projects that can be undertaken at the biorefinery and that are designed to achieve compliance with the Biorefinery Enhancement Goals. The detailed cost estimate should, at a minimum, include the following:

  - Proposed modification to existing biorefinery
  - Estimated cost for each of the categories of equipment, materials and labor
  - Estimated time line for each of the following project steps:
  - process design
  - detailed engineering
  - financing
  - major equipment procurement
  - permitting
  - construction
  - testing & start-up

- Milestone Three – Due 36 Months Following Acceptance to the Energy Commission CEPIP

  Biorefiners must complete and obtain all of the necessary permits or negative declarations sufficient to allow the company to move forward with financing, major equipment purchases and hiring if the project approval is executed by the company officers.

- Milestone Four – Due 48 Months Following Acceptance to the Energy Commission CEPIP

  Biorefiners must obtain all of the necessary financing and initiated construction for their project associated with their elected BOEG pathway.

- Milestone Five – Due 60 Months Following Acceptance to the Energy Commission CEPIP

  Biorefiners must complete all modifications to the facility and begin modified operations that achieve compliance with either of the BOEG pathways selected by the applicant.

Attachment F - CEPIP Participant Payment/Repayment Examples

CEPIP Payment Example

The following is an example of how much each participating ethanol producer would receive for the example month. All monthly production volumes are for ethanol (fuel ethanol less denaturant) and are intended to be illustrative, not actual. The maximum differential paid to participating CEPIP companies will be 25 cents per gallon (cpg). All ethanol produced at each participating facility from processing imported wet ethanol (dehydrating to anhydrous ethanol) will be excluded from these monthly calculations.

Enrolled PIP Facility	Ethanol Production For the Month (Millions of Gallons)	Difference Below 55 cpg Payment Trigger Point (Cents per Gallon)	Payment (Dollars)
Plant A	1.200	3.466	$41,590.86
Plant B	1.800	3.466	$62,386.29
Plant C	2.200	3.466	$76,249.90
Plant D	2.400	3.466	$83,181.71
Plant E	3.100	3.466	$107,443.05
Totals	10.700	3.466	$370,851.81

CEPIP Reimbursement Example

The following is an example of how much each participating ethanol producer would have to reimburse the CEPIP Trustee when the calculated monthly ECS exceeds $1.00 per gallon. All monthly production volumes are for ethanol (fuel ethanol less denaturant) and are intended to be illustrative, not actual. The maximum differential owed to the CEPIP Trustee by participating CEPIP companies will be up to 20 cents per gallon (cpg). The maximum reimbursement paid to the CEPIP Trustee will be the lesser of the Maximum Reimbursement figure or the Outstanding CEPIP Balance for each facility operator.

Enrolled PIP Facility	Ethanol Production For the Month (Millions of Gallons)	Difference Above 100 cpg Reimbursement Trigger Point (Cents per Gallon)	Maximum Reimbursement (Dollars)	Outstanding PIP Balance (Dollars)	Reimbursement Payment Owed to State (Dollars)	Remaining PIP Balance (Dollars)
Plant A	1.600	2.650	$42,400.00	$41,590.86	$41,590.86	$0.00
Plant B	2.100	2.650	$55,650.00	$62,386.29	$55,650.00	$6,736.29
Plant C	2.000	2.650	$53,000.00	$76,249.90	$53,000.00	$23,249.90
Plant D	2.900	2.650	$76,850.00	$83,181.71	$76,850.00	$6,331.71
Plant E	3.400	2.650	$90,100.00	$107,443.05	$90,100.00	$17,343.05
Totals	12.000	2.650	$318,000.00	$370,851.81	$317,190.86	$53,660.95

Note that in this example Plant A did not have to reimburse the state the maximum calculated amount for the month since its outstanding CEPIP balance was less than the maximum reimbursement level. Reimbursement obligations continue for 60 months following the date of payment receipt. Reimbursements are used to preferentially retire the oldest payments.

Attachment G – Energy Commission Program Contacts

Questions associated with CEC Forms M29 & Q29 or operational details for the California Ethanol Producer Incentive Program (CEPIP) may be submitted in writing or via e-mail to:

Gordon Schremp
California Energy Commission
Fossil Fuels Office
Attn: Producer Incentive Program
1516 Ninth Street, MS-41
Sacramento, CA 95814
or
Email: Gschremp@energy.state.ca.us
(916) 654-4887

Questions associated with the Biorefinery Operational Enhancement Goals (BOEG) may be submitted in writing or via e-mail to:

Miles Roberts
California Energy Commission
Emerging Fuels Office
Attn: Producer Incentive Program - BOEG
1516 Ninth Street, MS-27
Sacramento, CA 95814
or
Email: MCRobert@energy.state.ca.us
(916) 654-4726